

AMENDED IN SENATE JULY 15, 2003

AMENDED IN SENATE JULY 2, 2003

AMENDED IN ASSEMBLY JUNE 3, 2003

AMENDED IN ASSEMBLY JUNE 2, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

**ASSEMBLY BILL**

**No. 457**

**Introduced by Assembly Member Negrete McLeod**

February 14, 2003

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An act to add and repeal Sections 20901.5 , 20902.6, 20904.5, and 31641.06 of, and to repeal, add, and repeal Section 20903.5 of, the Government Code, relating to public employees' retirement, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 457, as amended, Negrete McLeod. Public employees' retirement: early retirement incentives.

(1) The Public Employees' Retirement Law authorizes specified state, local, and school employees, including state judicial and legislative employees, upon a specified determination by their employer, to receive credit for an additional 2 years of service if those employees retire within a designated period and certain other conditions are met.

This bill would authorize specified state and school employees, including state judicial and legislative employees *and employees of the California State University*, upon a specified determination by their employer *and, in the case of state employees, upon a certification of cost*

*savings by their employer, to receive credit for an additional 2 years of service and 2 years of age and, in the case of if those employees retire within a designated period, prior to January 1, 2005, and certain other conditions are met. The bill would also authorize* local employees, upon that specified determination by their employer and, in the case of state employees, upon a certification of cost savings by their employer, to receive credit for up to 2 additional years of service or 2 additional years of age, or both, if those employees retire within a designated period, prior to January 1, 2005, and certain other conditions are met.

(2) Under the County Employees Retirement Law of 1937 a county board of supervisors may, by resolution making specified determinations, provide that members of the county's retirement system are eligible to receive up to 2 years of additional service credit if the members retire within a designated period and certain other conditions are met.

This bill would authorize a county board of supervisors, by resolution making specified determinations, to provide that members of the county's retirement system are eligible to receive up to 2 additional years of service credit or up to 2 additional years of age, or both, if the members retire within a designated period prior to January 1, 2005, and certain other conditions are met.

(3) The bill would declare that it is to take effect immediately as an urgency statute.

Vote: <sup>2</sup>/<sub>3</sub>. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 20901.5 is added to the Government  
 2 Code, to read:  
 3 20901.5. (a) Notwithstanding Section 20901 or 20902, or  
 4 any other provision of this part, an additional two years of service  
 5 and an additional two years of age shall be credited to a state  
 6 member, other than a school member, but including a state member  
 7 described in Section 20324 *and a state member employed by the*  
 8 *California State University*, if the following conditions exist:  
 9 (1) The member meets the service requirements of Section  
 10 21060 or 21074 and retires within the period designated in the  
 11 memorandum of understanding or designated by the Department

of Personnel Administration with respect to excluded employees, as provided in paragraph (3).

(2) The state employer determines that the best interests of the state would be served by encouraging the retirement of state members and transmits to the retirement fund an amount determined by the board that is equal to the actuarial equivalent of the difference between the allowance the member receives after the receipt of service and age credit under this section and the amount the member would have received without that service and age credit. The transfer to the retirement fund shall be made in a manner and time period acceptable to the employer and the board.

(3) This section has been made applicable to the employer and the member pursuant to a memorandum of understanding between the employer and the representative employee organization or, with respect to excluded employees, the Department of Personnel Administration has approved their inclusion in writing to the board.

(4) (A) *The Department of Finance demonstrates and certifies that operation of this section will result in a net savings to the agency or department, other than the California State University, during the 2003–04 fiscal year.*

(B) *In the case of the California State University, the Trustees of the California State University demonstrate and certify that operation of this section will result in a net savings to the university, during the 2003–04 fiscal year.*

(b) The amount of service credit and additional age shall each be two years regardless of credited service or age, but may not exceed the number of years intervening between the date of the member's retirement and the date the member would be required to be retired because of age.

(c) Any member who qualifies under this section, upon subsequent reentry to this system, shall forfeit the age and service credit acquired under this section.

(d) This section is not applicable to any member otherwise eligible if the member receives any unemployment insurance payments arising out of employment with an employer subject to this part during a period extending one year after the effective date of this section or if the member is not eligible to retire without the additional age or service credit available under this section.

~~(c) The agency or department shall certify to the Department of Finance that it is its intention at the time that this section is made operative that if any employees retire after receipt of credit for additional service and age pursuant to this section, that any vacancies created, or at least one vacancy in any position in any department or other organizational unit, shall remain permanently unfilled, thereby resulting in an overall reduction in cost and in the workforce of the department or organizational unit.~~

~~(f)~~

(e) This section shall remain in effect only until January 1, 2005, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2005, deletes or extends that date.

SEC. 2. Section 20902.6 is added to the Government Code, to read:

20902.6. (a) Notwithstanding Section 20902.5 or any other provision of this part, an additional two years of service and an additional two years of age shall be credited to state members who are employed in an organizational unit of the judicial branch, if the following conditions exist:

(1) The member meets the service requirements of Section 21060 or 21074.

(2) The member retires for service during the period designated by the Chief Justice, which period shall commence on a date after the effective date of this section and shall expire on a date prior to January 1, 2005. The Chief Justice shall make that designation within 15 days after the effective date of this section.

(3) The Chief Justice determines that the best interests of the state would be served by encouraging the retirement of employees of the judicial branch and agrees to transmit to the retirement fund an amount determined by the board that is equal to the actuarial equivalent of the difference between the allowance the member receives after the receipt of service and age credit under this section and the amount the member would have received without that credit. The transfer to the retirement fund shall be made in a manner and time period acceptable to the employer and the board.

(b) The amount of service credit acquired under this section may not exceed the number of years intervening between the date of the member's retirement and the date the member would be required to be retired because of age.

1 (c) Any member who qualifies under this section, upon  
2 subsequent reentry to this system shall forfeit the service credit  
3 acquired under this section. Any member who qualifies under this  
4 section is not eligible for additional service credit under Section  
5 20902.5.

6 (d) This section is not applicable to any member otherwise  
7 eligible if the member receives any unemployment insurance  
8 payments arising out of employment with an employer subject to  
9 this part during a period extending one year beyond the first day  
10 of the period designated by the Chief Justice pursuant to paragraph  
11 (2) of subdivision (a) or if the member is not eligible to retire  
12 without the additional credit available under this section.

13 (e) The Chief Justice shall certify that it is his or her intention  
14 at the time that this section is made operative that if any employees  
15 retire after receipt of credit for additional service and age pursuant  
16 to this section, that any vacancies created, or at least one vacancy  
17 in any position in any department or other organizational unit,  
18 shall remain permanently unfilled, thereby resulting in an overall  
19 reduction in cost and in the workforce of the department or  
20 organizational unit.

21 (f) This section shall remain in effect only until January 1,  
22 2005, and as of that date is repealed, unless a later enacted statute  
23 that is enacted before January 1, 2005, deletes or extends that date.

24 SEC. 3. Section 20903.5 of the Government Code is repealed.

25 SEC. 4. Section 20903.5 is added to the Government Code, to  
26 read:

27 20903.5. (a) Notwithstanding Section 20903 or any other  
28 provision of this part, when the governing body of a contracting  
29 agency, other than a school employer, determines that the best  
30 interests of the agency would be served by encouraging the  
31 retirement of local members, the governing body may adopt a  
32 resolution, pursuant to a memorandum of understanding between  
33 the employer and the representative employee organization, to  
34 grant employees of the contracting agency up to two years of  
35 additional service credit or credit for up to two additional years of  
36 age, or both, awarded in whole year increments, if the following  
37 conditions exist:

38 (1) The local member is eligible to retire and retires within the  
39 period designated in and subsequent to the effective date of the  
40 resolution, or any additional period or periods designated in any

1 subsequently adopted resolution of the governing body of the  
2 contracting agency.

3 (2) The governing body agrees to transmit to the retirement  
4 fund an amount determined by the board that is equal to the  
5 actuarial equivalent of the difference between the allowance the  
6 member receives after the receipt of service and age credit under  
7 this section and the amount he or she would have received without  
8 that service and age credit. The transfer to the retirement fund shall  
9 be made in a manner and time period acceptable to the employer  
10 and the board. The governing body may elect that the manner and  
11 time period of payment may be conducted pursuant to subdivision  
12 (b) of Section 20903.

13 ~~(b) The additional credit provided under this section may not~~  
14 ~~be provided to management employees unless it is also provided~~  
15 ~~to nonrepresented and represented employees of the same job~~  
16 ~~classification, department or other organizational unit.~~

17 *(b) The governing body may, by resolution, grant the additional*  
18 *credit provided under this section to eligible management or*  
19 *nonrepresented employees only if it is provided to represented*  
20 *employees of the same job classification, department, or*  
21 *organizational unit.*

22 (c) The amount of service credit and additional age shall each  
23 be the amount determined by the governing body regardless of  
24 credited service or age, but may not exceed the number of years  
25 intervening between the date of the member's retirement and the  
26 date the member would be required to be retired because of age.

27 (d) A governing body that elects to make the payment  
28 prescribed by paragraph (2) of subdivision (a) shall make the  
29 payment with respect to all eligible employees who retire during  
30 the specified period.

31 (e) Any member who qualifies under this section, upon  
32 subsequent reentry to this system, shall forfeit the age and service  
33 credit acquired under this section.

34 (f) This section is not applicable to any member otherwise  
35 eligible if the member receives any unemployment insurance  
36 payments arising out of employment with an employer subject to  
37 this part during a period extending one year beyond the date of the  
38 resolution or if the member is not eligible to retire without the  
39 additional age or service credit available under this section.

(g) The governing body shall certify that it is its intention at the time that this section is made operative that if any employees retire after receipt of credit for additional service or age, or both, pursuant to this section, that any vacancies created, or at least one vacancy in any position in any department or ~~other~~ organizational unit, shall remain permanently unfilled, thereby resulting in an overall reduction in cost and in the workforce of the department or organizational unit.

(h) A member receiving additional service and age credit pursuant to this section is not eligible for any other early retirement incentive provided in any other statute.

(i) This section shall remain in effect only until January 1, 2005, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2005, deletes or extends that date.

SEC. 5. Section 20904.5 is added to the Government Code, to read:

20904.5. (a) Notwithstanding Section 20904 or any other provision of this part, when the county superintendent of schools or chancellor of a community college district determines that the best interests of the district would be served by encouraging the retirement of school members, the superintendent or chancellor may adopt a resolution to grant all school members employed by the district an additional two years of service credit and credit for an additional two years of age, if the following conditions exist:

(1) The member is eligible to retire and retires within the period designated in and subsequent to the effective date of the contract amendment.

(2) The superintendent or chancellor agrees to transmit to the retirement fund an amount determined by the board that is equal to the actuarial equivalent of the difference between the allowance the member receives after the receipt of service and age credit under this section and the amount he or she would have received without the service and age credit. The transfer to the retirement fund shall be made in a manner and time period acceptable to the employer and the board.

(b) The amount of service credit and additional age shall each be two years regardless of credited service or age, but may not exceed the number of years intervening between the date of the member's retirement and the date he or she would be required to be retired because of age.



1 (c) A superintendent or chancellor that elects to make the  
2 payment prescribed by paragraph (2) of subdivision (a) shall make  
3 the payment with respect to all eligible employees who retire  
4 during the specified period.

5 (d) Any member who qualifies under this section, upon  
6 subsequent reentry to this system, shall forfeit the age and service  
7 credit acquired under this section.

8 (e) This section is not applicable to any member otherwise  
9 eligible if the member receives any unemployment insurance  
10 payments arising out of employment with an employer subject to  
11 this part during a period extending one year after the date of the  
12 resolution or if the member is not eligible to retire without the  
13 additional age or service credit available under this section.

14 (f) This section shall remain in effect only until January 1,  
15 2005, and as of that date is repealed, unless a later enacted statute,  
16 that is enacted before January 1, 2005, deletes or extends that date.

17 SEC. 6. Section 31641.06 is added to the Government Code,  
18 to read:

19 31641.06. (a) When the board of supervisors, by resolution,  
20 determines that because of an impending curtailment of service or  
21 change in the manner of performing service, savings of money, or  
22 other economic benefit resulting to the county, the best interests of  
23 the county would be served, a member shall be eligible to receive  
24 additional service credit or credit for additional age, or both, if the  
25 following conditions exist:

26 (1) The member is employed in a job classification, county  
27 department, or ~~other~~ county organizational unit included in the  
28 resolution adopted by the board of supervisors.

29 (2) The member retires on or between dates specified by the  
30 board of supervisors in its resolution. In no event shall the  
31 specified period exceed 180 days.

32 (3) The county transmits to the retirement fund an amount  
33 determined by the board of retirement that is equal to the actuarial  
34 equivalent of the difference between the allowance the member  
35 receives after the receipt of service or age credit, or both, under this  
36 section and the amount the member would have received without  
37 that credit. The transfer to the retirement fund shall be made in a  
38 manner and time period acceptable to the county and the board of  
39 retirement.



1 (b) The additional credit provided under this section may not  
2 be provided to management *or nonrepresented* employees unless  
3 it is also provided to ~~nonrepresented~~ and represented employees of  
4 the same job classification, department or ~~other~~ organizational  
5 unit.

6 (c) The amount of additional credit for service or age, or both,  
7 provided under this section shall be that amount as the board of  
8 supervisors determines but may not be more than two years of  
9 additional service and two years of additional age, awarded in  
10 whole year increments, regardless of credited service and may not  
11 exceed the number of years intervening between the date of the  
12 member's retirement and the date the member would be required  
13 to be retired because of age.

14 (d) A county that elects to make the payment prescribed by  
15 subdivision (a) shall make that payment with respect to all eligible  
16 employees who retire during the period specified by the board of  
17 supervisors.

18 (e) This section is not applicable to any member otherwise  
19 eligible if the member receives any unemployment insurance  
20 payments during the period six months prior to the period specified  
21 pursuant to subdivision (a). This section is not applicable to any  
22 member who is not eligible to retire without the additional service  
23 or age credit available under this section.

24 (f) This section is not applicable in any county until it is  
25 adopted by ordinance of the board of supervisors. Any county may  
26 adopt or readopt this section from time to time as conditions may  
27 warrant. This section is not applicable in any district whose  
28 employees are members of the system pursuant to Section 31557  
29 until it is adopted by ordinance by the governing body of the  
30 district. Any district whose employees are members of the system  
31 pursuant to Section 31557 may adopt or readopt this section from  
32 time to time as conditions warrant.

33 (g) Any member who qualifies under this section shall, upon  
34 subsequent reentry to county employment, forfeit the additional  
35 age and service credit acquired under this section, unless the  
36 reentry is a result of a temporary callback ~~limited to a maximum~~  
37 ~~of 720 hours of service in any one year.~~ *as permitted in Section*  
38 *31680.1, 31680.2, 31680.3, or 31680.6.*

1 (h) A member receiving additional service and age credit  
2 pursuant to this section is not eligible for additional service credit  
3 provided pursuant to Section ~~31461.04~~ 31641.04.

4 (i) This section is not subject to the provisions of Chapter 10  
5 (commencing with Section 3500) of Division 4 of Title 1.

6 (j) The governing body shall certify that it is its intention at the  
7 time that this section is made operative that if any employees retire  
8 after receipt of credit for additional service or age, or both,  
9 pursuant to this section, that any vacancies created, or at least one  
10 vacancy in any position in any department or ~~other~~ organizational  
11 unit, shall remain permanently unfilled, thereby resulting in an  
12 overall reduction in cost and in the workforce of the department  
13 or organizational unit.

14 (k) This section shall remain in effect only until January 1,  
15 2005, and as of that date is repealed, unless a later enacted statute  
16 that is enacted before January 1, 2005, deletes or extends that date.

17 SEC. 7. This act is an urgency statute necessary for the  
18 immediate preservation of the public peace, health, or safety  
19 within the meaning of Article IV of the Constitution and shall go  
20 into immediate effect. The facts constituting the necessity are:

21 In order to realize the economies resulting from the early  
22 retirement of state, local, and school employees, and to thereby  
23 ameliorate the budget shortfall in the 2003–04 fiscal year, it is  
24 necessary that this act take effect immediately.